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Message Text

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14
ACTION EB-07

INFO OCT-01 EUR-12 EA-09 IO-13 ISO-00 FEA-01 AGRE-00

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01

SP-02 OMB-01 OPIC-06 XMB-04 /129 W
---------- 047665
R 101741Z NOV 76
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 7002
INFO ALL EC CAPITALS 0237
AMCONSUL HONG KONG
AMEMBASSY SEOUL
USDEL MTN GENEVA

UNCLAS PARIS 33367

E.O. 11652: N/A
TAGS: EPAP, ETRD, CATT, FR, XE
SUBJECT: BARRE READY TO INVOKE MFA SAFEGUARD CLAUSE
TO PROTECT FRENCH CLOTHING INDUSTRY

1. PRIMIN BARRE TOLD FRENCH SENATE NOVEMBER 9 THAT HIS GOVERNMENT IS DETERMINED TO MAINTAIN "PROSPEROUS AND DYNAMIC" TEXTILE INDUSTRY AND WILL ASSIST THAT INDUSTRY TO FACE INTERNATIONAL COMPETITION AND IN PARTICULAR TO PREVENT "SHOCKS ARISING FROM IMPORT COMPETITION." HE TOLD SENATORS THAT GOF WOULD PROVIDE 15-20 MILLION FRANCS IN "SUBSIDIES" TO OVERSEAS MARKET DEVELOPMENT BY FRENCH TEXTILE EXPORTERS AND WOULD "DEMAND APPLICATION OF SAFEGUARD CLAUSE FORESEEN IN MULTIFIBER AGREEMENT" (MEA).

2. BARRE'S STATEMENT CAME ON HEELS OF COMPLAINTS RAISED PUBLICLY BY FRENCH CLOTHING INDUSTRY SYNDICATE
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PRESIDENT SAMMY WEINBERG ABOUT 37 PERCENT INCREASE

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DURING JANUARY - JUNE 1976 IN DIRECT IMPORTS FROM LOW-WAGE COUNTRIES (SPECIFICALLY MENTIONED WERE SOUTH KOREA AND HONG KONG) AND ABOUT INDIRECT IMPORTS VIA HOLLAND AND WEST GERMANY. ACCORDING TO PRESIDENT OF MEN'S CLOTHING FEDERATION, IMPORTS OF COTTON TROUSERS FROM HOLLAND, AT PRICES LESS THAN ONE-THIRD OF DUTCH DOMESTIC LEVELS, ROSE 629 PERCENT IN L975 AND WERE ONLY RESTORED TO NORMAL BY TIGHTER ORIGIN REQUIREMENTS APPLIED BY FRENCH CUSTOMS. BUT NOW, HE SAID, GERMANS ARE GETTING AWAY WITH SIMILAR TACTICS.

COMMENT: WITH 300,000 WORKERS IN FRENCH TEXTILE INDUSTRY, MOST OF THEM IN HIGH UNEMPLOYMENT REGIONS, BARRE IS POLITICALLY IMPELLED TO DO SOMETHING ABOUT CUT-PRICE IMPORTS. WE CAN EXPECT FRENCH PRESSURE IN EC AND IN UPCOMING MFA RENEWAL NEGOTIATIONS FOR TIGHTER RULES OF ORIGIN. FRENCH INVOCATION OF MFA ESCAPE CLAUSE APPARENTLY AWAITS ONLY FORMALIZATION OF INDUSTRY COMPLAINTS. AS WEINBERG PUT IT "WE ARE NOT PROTECTIONIST AS LONG AS EVERYORE BENEFITS, ESPECIALLY CDC'S AS A GROUP AND NOT JUST A FEW FOREIGN INVESTORS, AND AS LONG AS WHOLE SECTOR OF FRENCH ECONOMY IS NOT THREATENED WITH EXTINCTION."
RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, TEXTILES, POLICIES, TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS33367
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760419-0860
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761162/aaaacbrz.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: oatisao
Review Comment: n/a
Review Content Flags:
Review Date: 02 AUG 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 AUG 2004 by schwenja>; APPROVED <27 AUG 2004 by oatisao>
Review Markings:

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US Department of State
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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BARRE READY TO INVOKE MFA SAFEGUARD CLAUSE TO PROTECT FRENCH CLOTHING INDUSTRY
TAGS: EPAP, ETRD, FR, XE, GATT, (BARRE, RAYMOND)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006